KIRBYVILLE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Kirbyville, Texas

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2021

KIRBYVILLE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
Annual Financial Report
For The Year Ended August 31, 2021

TABLE OF CONTENTS

	EXHIBIT	PAGE
INTRODUCTORY SECTION		
Certificate of Board		1
FINANCIAL SECTION		
Independent Auditors' Report on Financial Statements		2
Management's Discussion and Analysis (Required Supplementary Information)		4
Basic Financial Statements		
Government-Wide Financial Statements:		
Statement of Net Position	A-1	12
Statement of Activities	B-1	13
Fund Financial Statements:		
Balance Sheet - Governmental Funds	C-1	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	C-2	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	C-3	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	C-4	17
Statement of Net Position - Proprietary Funds	D-1	18
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	D-2	19
Statement of Cash Flows - Proprietary Funds	D-3	20
Statement of Fiduciary Net Position	E-1	21
Statement of Changes in Fiduciary Net Position	E-2	22
Notes to the Financial Statements		23
Required Supplementary Information		
Budgetary Comparison Schedules:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	G-1	49
Schedule of District's Proportionate Share of Net Pension Liability	G-2	50
Schedule of District Contributions	G-3	52
Schedule of District's Proportionate Share of Net OPEB Liability	G-4	54
Schedule of District's Contributions for OPEB	G-5	55
OTHER SUPPLEMENTARY INFORMATION SECTION		
TEA Compliance Schedules:		
Schedule of Delinquent Taxes Receivable	J-1	56
Budgetary Comparison Schedules Required by the Texas Education Agency:		
Child Nutrition Program	J-2	58
Debt Service	J-3	59

KIRBYVILLE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
Annual Financial Report
For The Year Ended August 31, 2021

TABLE OF CONTENTS

	EXHIBIT	PAGE
Federal Compliance Section		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		60
Report on Compliance with Requirements Applicable to each Major Federal Program and Internal Control over Compliance in Accordance with the Uniform Guidance		62
Schedule of Findings and Questioned Costs		64
Summary Schedule of Prior Audit Findings		65
Corrective Action Plan		66
Schedule of Expenditures of Federal Awards	K-1	67
Notes to the Schedule of Expenditures of Federal Awards		68
Schedule of Required Responses to Selected School First Indicators	L-1	69

INTRODUCTORY SECTION

CERTIFICATE OF BOARD

Kirbyville Consolidated Independent School District	Jasper	121-905
Name of School District	County	Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district was reviewed and ✓ approved _____ disapproved for the year ended August 31, 2021 at a meeting of the board of school trustees of such school district on the 14th day of December, 2021.

Lynell Horn
Board Secretary

Board President

If the Board of Trustees disapproved the auditors' report, the reason(s) for disapproving it is (are): (attach list as necessary)

FINANCIAL SECTION

J. R. Edwards & Associates, LLC
Certified Public Accountants

December 7, 2021

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Kirbyville Consolidated Independent School District
206 East Main Street
Kirbyville, Texas 75956

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kirbyville Consolidated Independent School District (the "District") as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kirbyville Consolidated Independent School District, as of August 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

1465 Cornerstone Ct., Ste. A ♦ Beaumont, TX 77706
Phone (409) 924-9100 ♦ Fax (409) 924-0990

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and the TRS pension schedules as listed in the table of be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and other supplementary information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 7, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering District's internal control over financial reporting and compliance.

J.R. Edwards & Associates, LLC

In this section of the Annual Financial Report, we, the managers of the Kirbyville Independent School District (the District), discuss and analyze the District's financial performance for the fiscal year ended August 31, 2021. We encourage readers to consider the information presented here in conjunction with the independent auditors' report on page 2, and the District's Basic Financial Statements that begin on page 12.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was $6,671,151 at August 31, 2021.
- During the year, the District's expenses were $1,045,936 less than the $18,641,145 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs increased this year. The District continues to introduce new programs and enhance existing programs designed to assist students in at-risk, economically disadvantaged, and special education sub-groups in order to comply with State of Texas Assessment of Academic Readiness and End of Course assessments as well as the mandates of the federal SSI.
- The general fund reported a fund balance this year of $6,757,975. Of this amount, $5,657,975 is for unrestricted use by the District.
- During the 2020-2021 school year the District passed the State's Financial Integrity Rating System of Texas for the school year 2019-2020 with a Superior rating

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include three components: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required supplementary information.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. They include the Statement of Net Position and the Statement of Activities that provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

The Statement of Net Position presents information in a format that displays assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources to equal net position. Net position is displayed in three components – net investment in capital assets, restricted, and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base. Unrestricted net position reflects a deficit created by a prior period adjustment resulting from the implementation of GASB 74 in the current fiscal year for OPEB. Although the District reports a deficit, the deficit is primarily due to reporting the District's proportionate share of the net OPEB liability. The total district liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

The *Statement of Activities* presents information showing how the government's net position changed during the current fiscal year. All changes in net position are reported for all of the current year's revenues and expenses

OVERVIEW OF THE FINANCIAL STATEMENTS – Continued

Government-Wide Financial Statements, **Continued**

regardless of when cash is received or paid. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

In fiscal year 2018, the District adopted the Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – which superseded GASB No. 45. Statement No. 75 establishes financial reporting standards and/or accounting standards for state and local government defined other postemployment benefit (OPEB) plans and defined contribution OPEB plans. Statement No. 75 requires that, at transition, a government recognizes a beginning deferred outflow of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. The effect of the adoption of this statement has no impact on the District's governmental fund financial statements. However, adoption has resulted in certain changes to the presentation of the District's government-wide financial statements.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide detailed information about the District's most significant funds, *not* the District as a whole.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- ***Governmental Funds.*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

  Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

  The District maintains several individual governmental funds organized according to their type. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the District's most significant funds. The District's major governmental fund is the General Fund. Data for the remaining governmental funds are combined into a single, aggregated presentation.

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The Texas Education Agency also requires the District to present a budgetary comparison statement for one of its special revenue funds (food service) and the debt service fund.

- ***Proprietary Funds.*** Proprietary funds reported by the District are generally used to account for services for which the District charges its employees or internal units. The District maintains an Internal Service fund to accumulate and allocate costs internally among the District's various functions. The District used internal service funds to account for its self-insurance program for workers' compensation. The activities and balances of these funds have been included with governmental activities in the government-wide financial statements.

- ***Fiduciary Funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net position and the Statement of Changes in Fiduciary Net Position as listed in the table of contents.

Notes to the Financial Statements. The notes, as listed in the table of contents, provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on page 48 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Net Position (Table I) and Changes in Net Position (Table II) of the District's governmental activities.

The District's combined net position was $6,671,151 at August 31, 2021. (See Table I)

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Table I
Kirbyville Consolidated Independent School District
Net Position

	August 31, 2021	August 31, 2020
Current and Other Assets	$ 10,414,943	$ 9,471,667
Capital Assets	28,323,128	28,540,113
Deferred Outflows	4,734,363	3,678,943
Total Assets and Dferred Outflows	43,472,434	41,690,723
Long-term Liabilities	31,179,839	31,510,406
Other Liabilities	1,470,861	1,367,651
Deferred Inflows	4,150,583	3,187,451
Total Liabilities and Deferred Inflows	36,801,283	36,065,508
Net Position:		
Net Investment in Capital Assets	7,255,504	6,952,145
Restricted for Federal and State Programs	593,272	523,017
Restricted for Debt Service	1,030,290	867,250
Restricted for Capital Projects	-	-
Unrestricted	(2,207,915)	(2,717,197)
Total Net Position	$ 6,671,151	$ 5,625,215

Approximately $7.2 million of the District's net position represents investments in capital assets net of related debt. The ($2.2) million of unrestricted net position was created due to the recognition of the OPEB liability required by GASB 75 implementation.

Changes in net position. The Districts total revenues were $18.6 million. A portion, 22.8 percent, of the District's revenue comes from local property taxes, 74.5 percent comes from grants and contributions, while only .8 percent relates to charges for services and the remaining 1.9 percent relates to investment earnings and other miscellaneous revenue.

Total Cost of all programs and services was $17.6 million. The net position of the District for the current year increased $1,045,936 (see Table II of this report).

Key elements of the governmental activities of the District are reflected in the following table.

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Table II
Kirbyville Consolidated Independent School District
Changes in Net Position

	August 31, 2021	August 31, 2020
Revenues:		
Program Revenues:		
Charges for Services	$ 153,958	$ 145,167
Operating Grants and Contributions	2,019,082	1,846,238
General Revenues:		
Maintenance and Operations Taxes	3,176,392	3,029,630
Debt Service Taxes	1,074,063	1,034,954
State Aid - Formula Grants		
Grants and Contributions - Not Restricted to Specific Functions	11,866,669	11,850,046
Investment Earnings	9,897	124,916
Miscellaneous	341,084	116,324
Transfers Out	-	-
Total Revenue	18,641,145	18,147,275
Expenses:		
Instruction	8,751,503	8,716,586
Instructional Resources and Media Services	199,559	197,734
Curriculum/Instructional Development	93,937	97,089
Instructional Leadership	9,733	17,364
School Leadership	885,755	868,232
Guidance and Counseling Services	364,845	404,791
Social Work Services	127	8,120
Health Services	281,323	195,787
Student (Pupil) Transportation	703,712	690,822
Food Services	892,637	964,839
Cocurricular/Extracurricular Activities	632,839	565,168
General Administration	828,825	884,473
Plant Maintenance and Operations	2,111,978	2,379,366
Security and Monitoring Services	297,813	356,083
Data Processing Services	272,047	285,631
Community Services	2,531	5,047
Debt Services - Interest on Long-Term Debt	541,939	817,762
Debt Services - Bond Issuance Cost & Fees	257,729	1,500
Payments to Fiscal Agent/Member Districts of SSA	466,377	438,987
Total Expenses Governmental Activities	17,595,209	17,895,381
Increase (Decrease) in Net Assets	1,045,936	251,894
Net Assets - September 1 (Beginning)	5,625,215	5,373,321
Prior Period Adjustment	-	-
Net Assets - September 1 (Restated)	5,625,215	5,373,321
Net Assets - August 31 (Ending)	$ 6,671,151	$ 5,625,215

GOVERNMENTAL ACTIVITIES

- Property tax rates were set at $.9664 per $100 valuation for M&O and $.335 for I&S. The rate for 2021-2022 is set at $.9277 for M&O and $.335 for I&S.

- The District continues to pay down the $20.3 million in bonds and notes payable.

Table III presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid. The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all governmental activities this year was $17.6 million.

- The amount that our taxpayers paid for these activities through property taxes was $4.3 million.

- Some of the cost, $153,958 was paid by those who directly benefited from the programs or by grants and contributions in the amount of $2,019,082.

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
Instruction	$ 8,751,503	$ 8,716,586	$ 7,696,852	$ 8,046,521
School Administration	828,825	884,473	826,289	880,910
School Leadership	885,755	868,232	878,146	868,232
Plant Maintenance & Operations	2,111,978	2,379,366	1,971,748	2,170,549
Cocurrricular/Extracurricular Activities	632,839	565,168	605,894	544,066
Food Services	892,637	964,839	19,721	(34,808)
Student (Pupil) Transportation	703,712	690,822	694,074	690,822

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District continues to operate from a very conservative viewpoint. With much uncertainty about the future of public school finance and the ongoing health crisis, the District feels it is prudent to continue to approach fiscal matters conservatively.

In 2020-2021, safety and security improvements continued throughout the District ncluding a full-time security officer, CPR certifications, trauma kits, and upgrades to security fencing and door locking systems. Emergency cabinets are being stocked with supplies in every classroom and other areas throughout the District

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget amendments for the 2020-2021 school year were required to meet various needs throughout the District. All amendments were approved by the Board of Trustees.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Assets. At August 31, 2021 the District had $28.3 million (net of depreciation) invested in a broad range of capital assets, including land, buildings, furniture and equipment used for instruction, transportation, athletics, administration, and maintenance. This amount represents a small net decrease (including additions and deductions) over last year.

Kirbyville Consolidated Independent School District
Capital Assets
Governmental Activities

	August 31, 2021	August 31, 2020
Land	596,685	596,685
Buildings and Improvements	41,730,057	41,171,049
Equipment	2,859,613	2,848,963
Vehicles	2,898,409	2,898,409
Capital Lease	159,712	-
Totals at Historical Cost	48,244,476	47,515,106
Less Accumulated Depreciation:		
Buildings and Improvements	(15,171,341)	(14,454,731)
Equipment	(2,257,187)	(2,161,677)
Vehicles	(2,439,586)	(2,358,588)
Capital Lease	(53,237)	-
Total Accumulated Depreciation	(19,921,351)	(18,974,996)
Net Capital Assets	$ 28,323,125	$ 28,540,110

Long-Term Debt. At year-end, the District had $20.3 million in bonds and notes payable outstanding. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

Kirbyville Consolidated Independent School District
Outstanding Debt

	August 31, 2021	August 31, 2020
Governmental activities:		
Capital Lease	107,875	-
General Obligation Bonds	$ 19,999,766	$ 21,020,000
Tax Exempt Obligations	152,746	198,278
Total	$ 20,260,387	$ 21,218,278

ECONOMIC FACTORS AND NEW YEAR'S BUDGETS AND RATES

- Appraised value used for 2020-2021 budget preparation increased slightly. However, due to the instability of the Texas school finance system and the uncertainty of the COVID-19 pandemic, the District continues to systematically review staffing patterns, special projects, and revenue and expenditure projections.

- General operating fund spending per student increased in the 2021 budget and the district anticipates an increase again in 2022 due to continued efforts to provide a device and internet service to every student in grades PK-12. Other increase from inflation, salaries, professional development for staff, and campus safety and security were realized in 2021 and will continue into 2022.

- The District projected 2020-2021 refined ADA numbers to be approximately 1350. Due to the continued effects of COVID-19, refined ADA at year end was 1306. There was a "Hold Harmless" level of funding for the first semester of 2020-21.

These indicators were taken into account when adopting the general fund budget for 2020-2021. Budget amounts available in the general fund budget are slightly higher due to the District striving to be fiscally conservative.

Expenditures continue to rise due to salary increases, increased insurance and utility costs, and safety and security upgrades. The District is consistently looking for highly qualified teachers and staff. This year the District's instructional focus was on early literacy and preparing our students for post-secondary opportunities. Other initiatives remain focused on improving student performance, due to thr COVID learning loss, by offering more instructional and professional development activities in core academic areas including math, science, language arts, and social studies.

The District continues to support Career and Technology education by providing several quality programs such as Ag Science, Auto Mechanics, Building Trades, FCCLA, and DECA. We are currently offering additional certification programs in the health science fields.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Superintendent, 206 East Main Street Kirbyville, Texas 75956.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
AUGUST 31, 2021

Data Control Codes		Primary Government Governmental Activities
	Assets	
1110	Cash and Cash Equivalents	$ 8,945,115
1220	Property Taxes Receivable (Delinquent)	1,860,334
1230	Allowance for Uncollectible Taxes	(1,302,233)
1240	Due from Other Governments	866,256
1290	Other Receivables	45,471
	Capital Assets (Net of Accumulated Depreciation):	
1510	Land	596,685
1520	Buildings and Improvements	26,558,716
1530	Furniture and Equipment	1,061,252
1550	Leased Property under Capital Leases, Net	106,475
1000	**Total Assets**	38,738,071
	Deferred Outflows of Resources	
1701	Deferred Charge for Refunding	1,702,881
1705	Deferred Resource Outflow Related to TRS Pension	1,848,120
1706	Deferred Resource Outflow Related to TRS OPEB	1,183,362
1700	**Total Deferred Outflows of Resources**	4,734,363
	Total Assets and Deferred Outflows of Resources	43,472,434
	Liabilities	
2110	Accounts Payable and Accrued Expenses	700,687
2140	Interest Payable	27,869
2160	Accrued Wages Payable	691,837
2177	Due to Fiduciary Funds	1,899
2180	Due to Other Governments	700
2200	Accrued Expenditures	47,869
	Long Term Liabilities:	
2501	Due Within One Year	996,349
2502	Due in More Than One Year	22,164,230
2540	Net Pension Liability (District's Share)	3,288,588
2545	Net OPEB Liability (District's Share)	4,730,672
2000	**Total Liabilities**	32,650,700
	Deferred Inflows of Resources	
2605	Deferred Resource Inflow Related to TRS Pension	558,739
2606	Deferred Resource Inflow Related to TRS OPEB	3,591,844
2600	**Total Deferred Inflows of Resources**	4,150,583
	Total Liabilities and Deferred Inflows of Resources	36,801,283
	Net Position	
3200	Net Investment in Capital Assets	7,255,504
3820	Restricted for Federal and State Programs	593,272
3850	Restricted for Debt Service	1,030,290
3900	Unrestricted Net Position	(2,207,915)
3000	**Total Net Position**	$ 6,671,151

The notes to the financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

Data Control Codes		Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government Governmental Activities
	Governmental Activities				
0011	Instruction	$ 8,751,503	$ 67,503	$ 987,148	$ (7,696,852)
0012	Instructional Resources & Media Services	199,559	-	507	(199,052)
0013	Curriculum/Instructional Development	93,937	-	41,451	(52,486)
0021	Instructional Leadership	9,733	-	9,230	(503)
0023	School Leadership	885,755	-	7,609	(878,146)
0031	Guidance and Counseling Services	364,845	-	2,260	(362,585)
0032	Social Work Services	127	-	-	(127)
0033	Health Services	281,323	-	1,014	(280,309)
0034	Student (Pupil) Transportation	703,712	-	9,638	(694,074)
0035	Food Services	892,637	59,510	813,406	(19,721)
0036	Cocurricular/Extracurricular Activities	632,839	26,945	-	(605,894)
0041	General Administration	828,825	-	2,536	(826,289)
0051	Plant Maintenance and Operations	2,111,978	-	140,230	(1,971,748)
0052	Security and Monitoring Services	297,813	-	-	(297,813)
0053	Data Processing Services	272,047	-	1,522	(270,525)
0061	Community Services	2,531	-	2,531	-
0072	Debt Service - Interest on Long-Term Debt	541,939	-	-	(541,939)
0073	Debt Service - Bond Issuance Cost & Fees	257,729	-	-	(257,729)
0093	Shared Service Arrangements/Local Deaf	466,377	-	-	(466,377)
TG	**Total Governmental Activities:**	$ 17,595,209	$ 153,958	$ 2,019,082	$ (15,422,169)
TP	**Total Primary Government**	$ 17,595,209	$ 153,958	$ 2,019,082	(15,422,169)

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property Taxes, levied for general purposes	3,176,392
DT	Property Taxes, levied for debt service	1,074,063
GC	Grants and Contributions not restricted	11,866,669
IE	Investment Earnings	9,897
MI	Miscellaneous Local and Intermediate	341,084
TR	**Total General Revenues**	16,468,105
CN	**Change in Net Position**	1,045,936
NB	**Net Position - September 1 (Beginning)**	5,625,215
NE	**Net Position - August 31 (Ending)**	$ 6,671,151

The notes to the financial statements are an integral part of this statement.

KIRBYVILLE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT EXHIBIT C-1

BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes		10 General Fund	Other Funds	Total Governmental Funds
	Assets			
1110	Cash and Cash Equivalents	$7,698,397	$ 1,180,323	$ 8,878,720
1220	Property Taxes - Delinquent	1,488,829	371,505	1,860,334
1230	Allowance for Uncollectible Taxes (credit)	(1,042,180)	(260,053)	(1,302,233)
1240	Due from Other Governments	197,319	668,937	866,256
1260	Due from Other Funds	153,216	227,435	380,651
1290	Other Receivables	34,283	11,188	45,471
1000	**Total Assets**	$8,529,864	$ 2,199,335	$10,729,199
	Liabilities			
2110	Accounts Payable and Accrued Expenditures	$ 580,946	$ 117,841	$ 698,787
2160	Accrued Wages Payable	491,015	200,822	691,837
2170	Due to Other Funds	276,805	153,216	430,021
2180	Due to Other Governments	-	700	700
2190	Due to Student Groups	1,899	-	1,899
2000	**Total Liabilities**	$1,350,665	$ 472,579	$ 1,823,244
	Deferred Inflows of Resources			
2601	Unavailable Revenue - Property Taxes	$ 421,224	$ 103,194	$ 524,418
2600	**Total Deferred Inflows of Resources**	$ 421,224	$ 103,194	$ 524,418
	Fund Balance			
	Restricted Fund Balance			
3450	Federal or State Funds Grant Restriction	$ -	$ 593,272	$ 593,272
3480	Retirement of Long-Term Debt	-	1,030,290	1,030,290
	Committed Fund Balance:			
3510	Construction	500,000	-	500,000
3525	Retirement of Long-Term Debt	500,000	-	500,000
3545	Other Committed Fund Balance	100,000	-	100,000
3600	Unassigned Fund Balance	5,657,975	-	5,657,975
3000	**Total Fund Balance**	$6,757,975	$ 1,623,562	$ 8,381,537
4000	**Total Liabilities, Deferred Inflows, and Fund Balance**	$8,529,864	$ 2,199,335	$10,729,199

The notes to the financial statements are an integral part of this statement.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

Total Fund Balances - Governmental Funds	$ 8,381,537
Capital assets and bond related costs used in governmental activities are not financial resources and therefore are not reported in governmental funds.	28,323,128
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	524,418
Notes payable which are not due in the current period are not reported in the funds.	(23,160,579)
The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.	65,996
Deferred charges on refunding bonds are not reported in the funds.	1,702,881
Payable for bond interest is not reported in the funds.	(27,869)
Included in the items related to debit is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resourse outflow of $1,848,120, deferred resource inflow of ($558,739) and a net pension liabilty of ($3,288,588).	(1,999,207)
Included in the items related to debit is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resourse outflow of $1,183,362, a deferred resource Inflow of ($3,591,844) and a net OPEB liabilty of ($4,730,672).	(7,139,154)
	$ 6,671,151

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

Data Control Codes		10 General Fund	Other Funds	Total Governmental Funds
	Revenues			
5700	Local Sources	$ 3,358,184	$ 1,159,440	$ 4,517,624
5800	State Program Revenues	11,108,504	684,233	11,792,737
5900	Federal Program Revenues	138,863	1,831,375	1,970,238
5020	**Total Revenues**	14,605,551	3,675,048	18,280,599
	Expenditures			
	Current			
0011	Instruction	7,071,394	987,148	8,058,542
0012	Instructional Resources and Media Services	184,255	507	184,762
0013	Curriculum and Instructional Development	47,634	41,452	89,086
0021	Instructional Leadership	-	9,230	9,230
0023	School Leadership	806,042	7,609	813,651
0031	Guidance and Counseling Services	331,720	2,261	333,981
0032	Social Work Services	120	-	120
0033	Health Services	134,035	1,014	135,049
0034	Student (Pupil) Transportation	644,987	9,638	654,625
0035	Food Services	-	818,431	818,431
0036	Cocurricular/Extracurricular Activities	588,860	-	588,860
0041	General Administration	768,426	2,536	770,962
0051	Plant Maintenance and Operations	1,856,106	140,230	1,996,336
0052	Security and Monitoring Services	282,434	-	282,434
0053	Data Processing Services	251,985	1,522	253,507
0061	Community Services	-	2,531	2,531
	Debt Service			
0071	Debt Service - Principal on long-term debt	97,369	905,000	1,002,369
0072	Debt Service - Interest on long-term debt	15,638	526,916	542,554
0073	Debt Service - Bond Issuance Cost and Fees	-	257,729	257,729
	Capital Outlay			
0081	Facilities Acquisition and Construction	559,008	-	559,008
	Intergovernmental			
0093	Shared Service Arrangement/Deaf Program	466,377	-	466,377
6030	**Total Expenditures**	14,106,390	3,713,754	17,820,144
	Other Financing Sources (Uses):			
7911	Capital Related Debt Issued (Regular Bonds)	-	14,739,766	14,739,766
7913	Proceeds from Capital Lease	159,712	-	159,712
7915	Transfers In	-	61,697	61,697
7916	Premium or Discount on Bonds	-	2,148,382	2,148,382
8911	Transfers Out	(61,697)	-	(61,697)
8949	Other Uses - Payment to Refunded Bond Escrow	(159,712)	(16,631,919)	(16,791,631)
7080	**Total Other Financing Sources (Uses)**	(61,697)	317,926	256,229
1200	Net Change in Fund Balances	437,464	279,220	716,684
0100	**Fund Balance - September 1 (Beginning)**	6,320,511	1,344,342	7,664,853
3000	**Fund Balance - August 31 (Ending)**	$ 6,757,975	$ 1,623,562	$ 8,381,537

The notes to the financial statements are an integral part of this statement.

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

Total Net Change in Fund Balances - Governmental Funds		$ 716,684
Capital outlays and bond issuance costs are not reported as expenses in the statement of activities.		569,658
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(946,355)
The Issuance and refunding of debt and the premium on the issuance of debt is recognized as an other financing source in the funds but not in the statement of activities.		(256,230)
Repayment of loan principal is an expenditure in the funds but is not an expense in the statement of activities.		1,002,369
The amortization of bond premiums and discounts are not reported in the funds.		61,063
Certain property tax revenues are deferred in the funds. This is the change in these.		39,777
Amortization of bond issuance costs and accounting loss on bond refunding is not reported in the funds.		(74,038)
Accrued interest on bonds is not reported in the funds.		13,590
The net revenue (expense) of internal service funds is reported with governmental activities		70,016
The net change in net pension liability, deferred outflows, and deferred inflowsis reported in the statement of acivities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:		
Deferred outflows increased (decreased)	(482,859)	
Deferred inflows increased (decreased)	35,993	
Net pension liability increased (decreased)	197,533	(249,333)
The net change in net OBEB liability, deferred outflows, and deferred inflowsis reported in the statement of acivities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:		
Deferred outflows increased (decreased)	(164,602)	
Deferred inflows increased (decreased)	(999,125)	
Net OPEB liability increased (decreased)	1,262,462	98,735
		$ 1,045,936

The notes to the financial statements are an integral part of this statement.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2021

	Governmental Activities
	Internal Service Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	$ 66,395
Due from Other Funds	47,470
Total Current Assets	113,865
Total Assets	113,865
Liabilities	
Current Liabilities:	
Accrued Expenses	47,869
Total Current Liabilities	47,869
Total Liabilities	47,869
Net Position	
Unrestricted Net Position	65,996
Total Net Position	$ 65,996

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

	Governmental Activities Internal Service Fund
Operating Revenues	
Local and Intermediate Sources	$ 197,995
Total Operating Revenues	197,995
Operating Expenses	
Professional and Contracted Services	127,979
Total Operating Expenses	127,979
Change in Net Position	70,016
Total Net Position - September 1 (Beginning)	(4,020)
Total Net Position - August 31 (Ending)	$ 65,996

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

	Internal Service Funds
Cash Flows from Operating Activities:	
Cash Received from Customers	$ 197,995
Cash Payments to Other Suppliers for Goods and Services	(193,454)
Net Cash Provided by (Used for) Operating Activities	4,541
Net Increase (Decrease) in Cash and Cash Equivalents	4,541
Cash and Cash Equivalents at Beginning of the Year:	61,854
Cash and Cash Equivalents at End of the Year:	$ 66,395

Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:

Operating Income (Loss):	$ 70,016
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accrued Expenses and Due From Other Funds	(65,475)
Net Cash Provided by (Used for) Operating Activities	$ 4,541

The notes to the financial statements are an integral part of this statement.

KIRBYVILLE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT EXHIBIT E-1

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

	Private Purpose Trust Fund	Custodial Fund
Assets		
Cash and Cash Equivalents	$ 61,314	$ 214,624
Due from Other Funds	$ -	1,899
Other Receivables	-	1,734
Total Assets	$ 61,314	$ 218,257
Liabilities		
Accounts Payable		$ -
Due to Student Groups	-	-
Total Liabilities	$ -	$ -
Net Position		
Restricted Net Position	61,314	$ 218,257
Total Liabilities and Net Position	$ 61,314	$ 218,257

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

	Private Purpose Trust Fund	Custodial Fund
Additions		
Miscellaneous Revenue - Student	$ -	$ 254,112
Contributions	15,850	-
Total Additions	15,850	254,112
Deductions		
Supplies and Materials		240,098
Scholarships	23,400	-
Total Deductions	23,400	240,098
Change in Fidcuciary Net Position Before Transfers	(7,550)	14,014
Transfer In	68,864	
Transfer Out		(68,864)
	61,314	(54,850)
Net Position - September 1 (Beginning)	-	-
Prior Period Adjustment	-	273,107
Net Position - September 1 (Restated)	-	273,107
Net Position - August 31 (Ending)	$ 61,314	$ 218,257

The notes to the financial statements are an integral part of this statement.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kirbyville Consolidated Independent School District (District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement of Auditing Standards No. 69* of the American Institute of Certified Public Accountants. Additionally, the District complies with the requirements of the appropriate version of the Texas Education Agency (TEA*) Financial Accountability System Resource Guide* (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity" and there are no component units included within the reporting entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (consist of the statement of net position and the statement of activities. These statements report information on all non-fiduciary activities of the District. The effect of the interfund activity in the government-wide statements eliminates services provided and used in the process of consolidation. Governmental activities are mainly supported by tax revenues and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. All capital asset depreciation is reported as a direct expense of the functional program that benefits from the use of the capital assets. *Program revenues* include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function. They also include grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available to finance expenditures of the fiscal period. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when the payment is due.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State of Texas are recognized under the susceptible-to-accrual concept and so have been recognized as revenues of the current fiscal period. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered earned to the extent of the expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until the related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund: This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

In addition, the District reports the following fund types:

Special Revenue Funds: These are governmental funds that are restricted, committed or assigned for specific purposes by a grantor or the Board. Federal programs where unused balances are returned to the grantor at the close of the specified project periods are accounted for in these funds.

Capital Projects Fund: This fund accounts for the proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

Private Purpose Trust Fund: These funds account for donations for which the donor has stipulated that both the principal and interest be used for purposes outside the District. This district has scholarship funds that meets these criteria. This fund is held in a trustee capacity and is not available to support district programs.

Custodial Funds: The District accounts for resources held for others in a custodial capacity in custodial funds. The District's custodial fund is the Student Activity Fund.

Proprietary Fund - Internal Service Fund: Internal service funds distinguish operating revenues from non-operating revenues. This fund is used to report on activity in the worker's compensation fund. Accrued liabilities include provisions for claims reported and claims incurred but not reported for workers' compensation insurance.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, and Net Assets or Equity

1. Cash, Cash Equivalents and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, money market bank sweep accounts, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the District are reported at fair value.

For cash management purposes, the District's funds must be deposited and invested under the terms of a depository contract, contents of which are set out in the Depository Contract Law. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the non-current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Property taxes are levied by October 1, on the assessed value listed as of the prior January 1, for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the following year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General Fund and Debt Service are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

3. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in the accounting system in order to assign the portion of the applicable appropriation, is employed in the governmental fund financial statements. Encumbrances, which have not been liquidated, are reported as an assigned portion of fund balance in the governmental funds.

5. Capital Assets

Capital assets which include land, buildings, furniture, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of two years.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

5. Capital Assets, continued

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

Buildings, furniture and equipment and vehicles of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	40
Buildings	40
Building Improvements	40
Vehicles	10
Office Equipment	10
Computer Equipment	10

6. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an expense/expenditure until that future period. Deferred inflows of resources represents an acquisition of net position that applies to a future period and will not be recognized as revenue until that future period.

Deferred outflows/inflows of resources are amortized as follows:

Pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5 year period.

District contributions to the pension and OPEB plans after the measurement date of each plan are recognized in the subsequent fiscal year.

Property taxes are recognized in the period the amount becomes available.

7. Compensated Absences

No compensated absences are allowed under the District's personnel policies.

8. Arbitrage Payable

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. The District had no arbitrage liability as of August 31, 2021.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

10. Data Control Codes

The data control codes refer to the account code structure prescribed by TEA in the FASRG. The TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a state-wide data base for policy development and funding plans.

11. Government-Wide Net Position

Net investment in capital assets – the component of net position that represents capital assets less capital debt plus unspent bond proceeds. As of August 31, 2021, this amount was $7,255,504

Restricted for Federal and State Programs – the component of net position that reports the difference between assets and liabilities of the Federal and State special revenue programs that consists of assets with constraints placed on their use by the Department of Education, Agriculture or Texas Education Agency ("TEA") of $593,272.

Restricted for debt service – the component of net position that reports the difference between assets and liabilities of the Debt Service Fund net of accrued interest at August 31, 2021 that consist of assets with constraints placed on their use by the bond covenants of $1,030,290.

Unrestricted – the difference between the assets and liabilities that are not restricted for any purposes in the amount of ($2,207,915)

13. Fund Equity

In the fund financial statements, governmental funds report classifications of fund balance based on controls placed upon the funds. In accordance with GASB Statement No. 54, fund balance classifications are recorded as follows:

Non-spendable Fund Balance – amounts that are not in spendable form or amounts that are legally and contractually required to be maintained intact.
Restricted Fund Balance – amounts constrained to a specific purpose by external parties through constitutional provisions or by enabling legislation.
Committed Fund Balance – amounts constrained to a specific purpose by the Board of Trustees (the highest level of authority within the District); amount cannot be used for any other purpose unless the Board of Trustees takes the same action to remove or change the constraint.
Assigned Fund Balance- general fund amounts constrained to a specific purpose by the Superintendent.
Unassigned Fund balance – residual classification applicable to the general fund only.

The District's unassigned general fund balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned general fund balance may only be appropriated by resolution of the Board of Trustees.

When it is appropriate for fund balance to be assigned, the Board delegates authority to the Superintendent.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is from the least restrictive to the most restrictive, unless otherwise approved by the Board of Trustees.

14. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

15. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

16. Management's review of subsequent events

Management has evaluated subsequent events through December 7, 2021, the date the financial statements were available to be issued.

Note 2: COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Board of Trustees adopts an "appropriated budget" on a basis consistent with GAAP for the General Fund, Debt Service Fund, and Food Service Fund, which is included in the Special Revenue Funds. At a minimum, the District is required to present the original and the final amended budgets for revenues and expenditures compared to actual revenues and expenditures for these three funds.

The following procedures are followed in establishing the budgetary data reflected in the general purpose financial statements:

- Prior to August 20th, the District prepares a budget for the next fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.

- After one or more budget workshops with the Board of Trustees, a meeting is called for the purpose of adopting the proposed budget. At least ten (10) days but no more than thirty (30) days public notice for the meeting is required.

Note 2: COMPLIANCE AND ACCOUNTABILITY, continued

- Prior to August 31st, the Board of Trustees legally adopts the budget for the General Fund, Debt Service Fund and Food Service Fund through passage of a resolution.

After the budget is approved, it can only be amended at the function and fund level by approval of a majority of the Board. Amendments are presented to the Board at its regular meetings for their approval.

As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Total expenditures may not exceed total appropriations, as amended, by fund at function level. Because the District has a policy of careful budgetary control, budget amendments are necessary throughout the year.

A. Finance-Related Legal and Contractual Provisions

1. In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," there are no violations of finance-related legal and contractual provisions to report.

2. The Capital Projects Fund had a deficit fund balances or negative fund net assets for the fiscal year ended August 31, 2019 in the amount of $45,924.

Note 3: DEPOSITS AND INVESTMENTS

At August 31, 2021, the carrying amount of the District's demand deposits and cash on hand was $407,372. The $572,552 bank balance was covered by federal deposit insurance through the FDIC and was collateralized by securities held by the District or by the District's agent in name of the District.

All cash balances and investments are held separately in each of its funds. Funds held at the depository bank were properly secured at all times, and the following was disclosed:

a. Name of depository bank: BBVA Compass Bank

b. Amount of bond or securities pledged was not provided by bank.

c. Highest cash balance was not provided by bank.

d. Total amount of Federal Deposit Insurance Corporation ("FDIC") coverage at the time of the highest combined balance was $250,000.

The Districts deposits at August 31,2021 were entirely covered by a letter of credit in the amount of $1,000,000.

Investments

The State Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. It requires the District to adopt, implement, and publicize an investment policy. The investment policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

Statutes authorize the District to invest in (1) obligations of the United States Treasury, certain United States agencies, and obligations of the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8)

Note 3: DEPOSITS AND INVESTMENTS, CONTINUED

investment pools,(9) guaranteed investment contracts, and (10) common trust funds. Management of the District believes it is in compliance with the requirements of the Act and with local policies. The District's investments in public funds investment pools and money market mutual funds include those with the Lone Star Investment Pool (LSIP).

LSIP is a public funds investment pool administered by First Public (formerly known as the Texas Association of School Board Financial Service). LSIP is a public funds investment pool created under the authorization of the Interlocal Cooperation Act of the State of Texas, Article 4413 (32c), Vernon's Texas Civil Statutes, as amended. It is designed to provide participating local governments with investment vehicles for (1) local funds that are not required to be spent immediately and are available for investment in securities with maturities and returns generally greater than those for money market instruments and (2) local funds which provide daily liquidity. The objective of the LSIP is to provide participating local governments with the highest possible rate of return for such funds, while maintaining safety of principal.

To achieve its objective, the LSIP invests primarily in obligations issued or secured by the U.S. Government, its agencies and instrumentalities, and in commercial paper. Standish Mellon Asset Management and AMR investments provide investment advisory services. Each fund within the Pool has received the highest rating, AAA, from Standard & Poor's as required by the Public Funds Investment Act

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

Non-negotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The overall objective of the District's investment policy is to ensure that District financial assets are properly safeguarded, provide sufficient liquidity, and produce a reasonable rate of return while enabling the District to react to changes in economic conditions.

Investments, Continued

The District's investments at August 31, 2021 are shown below:

Type	Carrying Amount	Fair Value	Maturity
Investments not subject to categorization			
LoneStar	$ 8,813,680	$ 8,813,680	Weighted average < 120 days
Total Investments	$ 8,813,680	$ 8,813,680	

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

Credit Risk: Credit Ratings

District investments conform to the District's banking and investment policies and are in accordance with laws and regulations of the State of Texas and TEA. Statutes of the State of Texas and policies mandated by

Note 3: DEPOSITS AND INVESTMENTS, CONTINUED

the District's Board authorize the District to invest in obligations of the U.S. Government or its agencies, repurchase agreements, commercial paper, public funds investment pools, mutual funds and money market accounts. As stated above, Lonestar has received the highest rating, AAA, from Standard & Poor's. At year end, the District was not significantly exposed to credit risk.

Custodial Credit Risk

Deposits are exposed to custodial risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

The District was not exposed to custodial credit risk during the course of the fiscal year.

Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. The District was not exposed to custodial credit risk during the course of the fiscal year.

Concentration of Credit Risk

It is the policy of the District to reduce risk associated with investments by diversification of the portfolio. The District was not exposed to concentration of credit risk during the course of the fiscal year

Foreign Currency Risk

At year end, there are no foreign currency investments in the District's portfolio.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District concentrates its investment portfolio in short and intermediate term securities to limit market risk caused by changes in interest rates. At year end, the District was not exposed to interest rate risk.

Note 4: CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended August 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	$ 596,685	$ -	$ -	$ 596,685
Construction in Progress	-	-	-	-
Total Capital Assets, Not Being Depreciated	596,685	-	-	596,685
Capital Assets, Being Depreciated:				
Buildings & Improvements	41,171,049	559,008	-	41,730,057
Equipment	2,848,963	10,650	-	2,859,613
Capital	-	159,712	-	159,712
Vehicles	2,898,409	-	-	2,898,409
Total Capital Assets, Being Depreciated:	46,918,421	729,370	-	47,647,791
Less Accumulated Depreciation:				
Buildings & Improvements	(14,454,731)	(716,610)	-	(15,171,341)
Equipment	(2,161,677)	(95,510)	-	(2,257,187)
Capital Lease	-	(53,237)		(53,237)
Vehicles	(2,358,588)	(80,998)	-	(2,439,586)
Total Accumulated Depreciation	(18,974,996)	(946,355)	-	(19,921,351)
Total Capital Assets, Being Depreciated, Net	27,943,425	(216,985)	-	27,726,440
Governmental Activities Capital Assets, Net	$ 28,540,110	$ (216,985)	$ -	$ 28,323,125

Depreciation expense of the governmental activities was charged to functions/programs as follows:

Instruction	$ 518,007
Instructional resources	11,338
Cirriculum	4,851
Instructional leadership	503
School leadership	52,968
Guidance	21,938
Social Work Services	7
Health services	15,560
Student transportation	39,437
Food services	55,389
Cocurricular/Extracurricular Activities	35,777
General administration	46,930
Plant maintenance	113,190
Security	15,379
Data processing	15,081
Total Depreciation Expense	$ 946,355

Note 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables are short-term transactions between funds that are accounted for in the appropriate interfund receivable and payable accounts. Interfund balances at August 31, 2021 consisted of the following individual fund receivables and payables:

Receivable Fund	Payable Fund	Amount
General	Special Revenue	$ 153,216
Special Revenue	General	222,381
Custodial Fund	General	1,899
Debt Service	General	5,054
Internal Service	General	47,470
		$ 430,020

The receivables in the general fund totaling $153,216, from special revenue represents amounts due for reimbursement of expenditures paid by the general fund. The receivable in the Special Revenue Fund from the General Fund in the amount of $222,381 includes amounts that are initially deposited into Lone Star for other funds. The receivable in the Debt Service, Internal Service Fund and the Custodial Fund from the General Fund represents amounts paid by those funds to be reimbursed by the General Fund.

Note 6: SHORT-TERM DEBT ACTIVITY

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources. There was no short-term debt activity during the year ended August 31, 2021.

Note 7: CAPITAL LEASES

Commitments under capital lease agreements for computer equipment provide for minimum lease payments as of August 31, 2021, as follows:

Year ending August 31:	
2022	$56,113
2023	56,113
Total Minimum Rentals	112,226
Less Imputed Interest	(4351)
Capital Lease Payable	$107,875

See Note 4 for gross capital asset value and accumulated depreciation.

Note 8: LONG-TERM DEBT

The District issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for only governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Current principal and interest requirements are payable solely from future revenues of the Debt Service fund which consists principally of property taxes collected by the District and interest earnings. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond indentures. The District has never defaulted on any principal or interest payment.

Note 8: LONG-TERM DEBT, Continued

General obligation bonds payable at August 31, 2021, are summarized as follows:

Issue	Issue	Maturity	Installments	% Rate	Balance
2013	$ 9,000,000	2023	$145,000-$520,000	2.0%-4.375%	440,000
2014	$ 8,920,000	2024	$80,000-$555,000	2.0%-4.000%	545,000
2015	$ 6,550,000	2045	$90,000-$470,000	4.0%-4.50%	4,470,000
2020	$ 14,739,766	2044	$150,000-$975,000	2.228%-5.0%	14,544,766
					$ 19,999,766

The District entered into a finance contract with Government Capital Corporation for the purpose of financing "District Wide Energy Conservation Project". Amounts outstanding as of August 31, 2021 are as follows:

Date of Issue	Original Issue	Final Maturity	Annual Installments	% Rate	Outstanding Balance
2009	$ 575,670	2024	$3,060-$30,645	5.69%	$ 152,746

Changes in long-term liabilities

Long-term liability activity for the year ended August 31, 2021, was as follows:

	Beginning Balance	Additions	Retirements/ Payments	Ending Balance	Due Within One Year
Governmental activities:					
Bonds Payable:					
General obligations bonds	$ 21,020,000	$ 14,739,766	$ 15,760,000	$ 19,999,766	$ 895,000
Add: Premium on bonds	812,873	2,148,382	373,495	2,587,760	-
Accretion on CAB	-	312,432	-	312,432	-
Capital Lease	-	159,712	51,837	107,875	53,225
Contractual Obligations	198,278	-	45,532	152,746	48,124
Total governmental activities	$ 22,031,151	$ 17,360,292	$ 16,230,864	$ 23,160,579	$ 996,349

Bond Refunding

On September 29, 2020 the District issued Unlimited Tax Refunding Bonds totaling $14,739,766 (par value) with an average interest rate of 2.088653% to advance refund general obligation bonds with an average interest rate of 4.176586% and a par value of $14,855,000. The refunding bonds were issued at a premium of $2,148,382 which is being amortized over the life of the bonds. The reacquisition price of the refunded bonds exceeded the net carrying amount of the old debt by $1,776919. This amount is being amortized over the remaining life of the refunded debt. This refunding will benefit the District by providing total savings of $2,560,545 and a present value savings of $2,017,983 in debt service payable by the District.

Note 8: LONG-TERM DEBT, Continued

Annual debt service requirements to maturity for the bonds and contractual obligations are as follows:

Year Ending August 31	Principal	Interest	Total
2022	996,349	551,308	1,547,657
2023	1,050,513	514,244	1,564,757
2024	1,043,759	473,135	1,516,894
2025	474,233	441,925	916,158
2026	459,785	425,125	884,910
2027-2031	4,410,748	1,682,158	6,092,906
2032-2036	4,300,000	1,160,769	5,460,769
2037-2041	4,800,000	655,226	5,455,226
2042-2045	2,725,000	102,740	2,827,740
Total	$ 20,260,387	$ 6,006,630	$ 26,267,017

Note 9: RETIREMENT BENEFITS

Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov ; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8 Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits. State law requires the plan to be actuarially sound in order for the Legislature

Note 9: RETIREMENT BENEFITS, Continued

to consider a benefit enhancement, such as supplemental payment to the retirees. In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increase from the state, participating employers and active employees to make the pension fund actuarially sound. These increases immediately made the pension fund actuarially sound and the legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment of $2,000, whichever was less.

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. SB12 in the 86th Legislature set contribution rates for fiscal year 2020 and fiscal year 2021. Beginning September 1, 2019, all employers are required to pay the Public Education Employer contribution of 1.5%. Contribution Rates can be found in the TRS 2020 CAFR, Note 11, on page 82.

Contribution Rates

	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%

Kirbyville CISD 2021 Employer Contributions	$ 278,019
Kirbyville CISD 2021 Member Contributions	$ 649,688
Kirbyville CISD NECE On-Behalf Contributions	$ 817,831

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

1. On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
2. During a new member's first 90 days of employment.

Note 9: RETIREMENT BENEFITS, Continued

3. When any part or all of an employee's salary is paid by federal funding sources or a privately sponsored source.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

1. When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
2. Employers must contribute 1.5% of the member's salary ("Public Education Employer Surcharge).

Actuarial Assumptions

Roll Forward –The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the total pension liability to August 31, 2020.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2017 and were adopted in July 2018.

The active mortality rates were based on 90 percent of the RP 2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables.

The following table discloses the assumptions that were applied to this measurement period.:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return*	7.25%
Municipal Bond Rate as of August 2018	2.33% - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity index's "20 Year Municipal GO AA index"
Last year ending August 31in Projection Period	2119
Salary Increases*	3.05% to 9.05% including inflation
Inflation	2.30%
Ad hoc post-employment benefit changes	None

**Includes Inflation of 2.5%*

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. For a full description of these assumptions please see the TRS actuarial valuation report dated November 14, 2019.

Discount Rate

Note 9: RETIREMENT BENEFITS, Continued

The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the statutorily required rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.66% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2020, are presented in the Asset Allocations the following table from the TRS Comprehensive Annual Financial Report for 2020, page 53.

Asset Class	Target Allocation*	Long-Term Expected Geometric Real Rate of Return**	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.0%	3.9%	0.99%
Non-U.S. Developed	13.0%	5.1%	0.92%
Emerging Markets	9.0%	5.6%	0.83%
Private Equity	14.0%	6.7%	1.41%
Stable Value			
Government Bonds	16.0%	-0.7%	-0.05%
Absolute Return	0.0%	1.8%	0.00%
Stable Vlaue Hedge Funds	5.0%	1.9%	0.11%
Real Return			
Real Estate	15.0%	4.6%	1.02%
Energy and Natural Resources	6.0%	6.0%	0.42%
Commodities	0.0%	0.8%	0.00%
Risk Parity			
Risk Parity*****	8.0%	3.0%	0.30%
Asset Allocation Leverage Cash	2.0%	-1.5%	-0.03%
Asset Allocation Leverage	-6.0%	-1.3%	0.08%
Inflation Expectation			2.00%
Volatillity Drag ***			-0.67%
Expected Return			**7.33%**

** Target allocations are based on the FY 2020 policy model*

*** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).*

**** The volatility drag results from the conversion between arithmetic and geometric mean returns.*

Note 9: RETIREMENT BENEFITS, Continued

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability. The discount rate can be found in the 2020 TRS CAFR, Note 11, page 84.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	$ 5,070,943	$ 3,288,588	$ 1,840,463

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At August 31, 2021, the District reported a liability of $3,288,588 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	$ 3,288,588
State's proportionate share that is associated with District	$ 6,799,518
Total	$ 10,088,106

The net pension liability was measured as of August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2019 rolled forward to August 31, 2020. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2019 thru August 31, 2020.

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0061402405 % which was a decrease of 0.0005660143% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation – There were no changes in assumptions since the prior measurement date.

Changes in Benefit Terms - In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (SB12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. The increases immediately made the pension fund actuarially, sound and the Legislature approved funding for a 13th check. All eligible members retired as December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment of $2,000, whichever was less.

For the year ended August 31, 2021, the District recognized pension expense of $817,831 and revenue of $817,831 for support provided by the State in the Government Wide Statement of Activities.

At August 31, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (The amounts shown below will be the cumulative layers from the current and prior years combined.

Note 9: RETIREMENT BENEFITS, Continued

	Deferred Outflows	Deferred Inflows
Difference Between Expected and Actual Actuarial Experience	$ 6,005	$ 9,776
Changes in Assumptions	763,069	324,452
Difference Between Projected and Actual Investment Earnings	66,574	-
Changes in Proportion and Difference in Porportionate Share	362,784	224,511
Contributions paid to TRS subsequent to the Measurement Date:	649,688	-
	$1,848,120	$ 558,739

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension - Continued

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2021	$ 201,575
2022	199,796
2023	189,640
2024	42,755
2025	(63,669)
Thereafter	(12,403)

Note 10: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program ("TRS-Care"). It is a multiple-employer, cost-sharing OPEB plan that has a special funding situation. The plan is administered through a trust by the TRS Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position

Detailed information about TRS-Care's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov ; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2020 are as follows:

Net OPEB Liability	Total
Total OPEB Liability	$40,010,833,815
Less: plan fiduciary net position	(1,996,317,932)
Net OPEB liability	$38,014,515,883
Net position as a % of total OPEB liab.	4.99%

Note 10: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued

Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. Eligible Non-Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS Care premiums at their current level through 2021. The 86th legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at $277,490,586 as of August 31, 2020.

The premium rates for retirees are presented in the following table:

TRS-Care Monthly Premium Rates

	Medicare	Non-Medicare
Retiree or Survivng Spouse	$ 135	$ 200
Retiree and Spouse	529	689
Retiree or Survivng Spouse and Children	468	408
Retiree and Family	1,020	999

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2020. The following table shows contributions to the TRS-Care plan by type of contributor.

Note 10: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued

	2020	2021
Contribution Rates:		
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
FY 2021 District Contributions		$ 94,586
FY 2021 Member Contributions		127,099
Measurement Year NECE On-behalf Contributions		(44,140)

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS Care a monthly surcharge of $535 per retiree.

A supplemental appropriation was authorized by Senate Bill 1264 of the 86th Texas Legislature to provide $2,208,137 for fiscal year 2020 and $3,312,206 for fiscal year 2021, for consumer protections against medical and health care billing by certain out-of-network provides. Funding will be in fiscal year 2021.

Actuarial Assumptions

The Total OPEB liability in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020. The actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation:

- Rates of Mortality
- Rates of Retirement
- Rates of Termination
- Rates of Disability
- General Inflation
- Wage Inflation
- Salary Increases

The active mortality rates were based on 90% of the RP-2014 Employee Mortality tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

Note 10: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 Rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Expenses	Third-pary administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs
Projected Salary Increases	3.05% - 9.05% including inflation
Election Rates	Normal retirement: 65% participation prior to age 65 and 40% participation after age 65 25% pre-65 retirees are assumed to discontinue coverate at age 65.
Ad hoc post-employment benefit changes	None

The initial medical trend rates were 9.00% for Medicare retirees and 7.30% for non-Medicare retirees. There was an initial prescription drug trend rate of 9.00% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

Discount Rate

A discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of .30% in the discount rate since the previous year. The Discount Rate can be found in the 2020 TRS CAFR on page 76. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate.

Sensitivity Analysis

Discount Rate – The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.33%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.33%)	Current Single Discount rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of the NET OPEB Liability:	$ 5,676,795	$ 4,730,672	$ 3,983,370

Healthcare Cost Trend Rates – The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or on-percentage point higher than the assumed healthcare cost trend rate..

Note 10: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued

	1% Decrease in Healthcare Cost Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
District's proportionate share of the net OPEB liability	$ 3,864,353	$ 4,730,672	$ 5,884,486

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At August 31, 2021, the District reported a liability of $4,730,672 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	$ 4,730,672
State's proportionate share that is associated with the District	6,356,889
Total	$ 11,087,561

The net OPEB liability was measured as of August 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At August 31, 2020 the employer's proportion of the collective net OPEB liability was 0.00012444382 which was a decrease of 0.0002284461% than the proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

- The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the Total OPEB liability (TOL)
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This changes lowered the Total OPEB Liability.
- The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB liability.

Changes in Benefit Terms

There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2021, the District recognized OPEB expense of $44,140 and revenue of $44,140 for support provided by the State.

Note 10: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS, Continued

At August 31, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 247,696	$ 2,164,997
Changes in actuarial assumptions	291,784	1,299,067
Difference between projected and actual investment earnings	1,537	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	547,759	127,780
Contributions paid to TRS subsequent to the measurement date	94,586	-
Total	$ 1,183,362	$ 3,591,844

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEB will be recognized in OPEB expense as follows:

	OPEB Expense Amount
Year ended June 30:	
2021	$ (420,166)
2022	(420,372)
2023	(420,489)
2024	(420,460)
2025	(294,101)
Thereafter	(527,479)

Note 11: HEALTH CARE COVERAGE

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS–Care), a cost–sharing multiple–employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS–Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The Teacher Retirement System of Texas issues a publicly available financial report that includes financial statements and required supplementary information for TRS–Care. That report may be obtained by visiting the TRS Website at www.trs.state.tx.us under the TRS Publications heading, by calling the TRS Communications Department at 1–800–223–8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

Note 11: HEALTH CARE COVERAGE, Continued

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203 and 204 establish state, active employee and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2019–2017.

	Member		State		School District	
Year	Rate	Amount	Rate	Amount	Rate	Amount
2021	0.65%	$ 54,848	1.25%	$ 105,478	0.75%	$ 63,287
2020	0.65%	$ 54,121	1.25%	$ 104,078	0.75%	$ 62,447
2019	0.65%	$ 48,003	1.25%	$ 92,314	0.75%	$ 55,389
2018	0.65%	$ 46,504	1.25%	$ 89,431	0.75%	$ 53,659
2017	0.65%	$ 47,713	1.0%	$ 72,574	0.55%	$ 39,915

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2021, 2020, and 2019, the subsidy payments received by TRS-Care on-behalf of the District were $36,990, $34,952, and $27,697, respectively. The information for the year ended August 31, 2019 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Note 12: RISK MANAGEMENT

Property, Casualty and Liability Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of property; errors and omissions; and natural disasters for which the District carries commercial insurance. Settled claims have not exceeded insurance coverage in any of the previous three years. There has not been any significant reduction in insurance coverage from that of the previous year. The District retains the risk of the first $10,000 in property insurance after which insurance is purchased.

Note 12: RISK MANAGEMENT, Continued

Workman's Compensation

Effective September 1, 2000, the District contracted with the East Texas Educational Insurance Association for the administration of the worker's compensation program. Claims are paid through Claims Administrative Services, Inc., the third party administrator.

The claims liability recorded in the general ledger includes an estimate for claims incurred but not recorded, based on the District's historical claims experience. The District is protected against unanticipated catastrophic loss by stop-loss coverage carried through Safety National Casualty Corporation, a commercial

Workman's Compensation, Continued

insurer licenses or eligible to do business in Texas in accordance with the Texas Insurance Code. The District's maximum loss for 2020-2021 is $91,192. Stop-loss coverage in effect was for annual individual claims exceeding $500,000.

The following is a summary of the changes in the balances of claims liabilities for worker's compensation for the year ended August 31:

	2021	2020
Liability for claims September 1	$ 113,344	$ 71,956
Current year claims and changes in estimates	62,503	58,839
Claim payments	(127,978)	(17,451)
Liability for claims August 31	$ 47,869	$ 113,344

Note 13: COMMITMENTS AND CONTINGENCIES

During the year, the District received financial assistance from federal and state governmental agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies and the TEA. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, such disallowed claims, if any, will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at August 31, 2021.

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic, which continues to spread throughout the United States. At the present time, there is uncertainty around the severity and duration. The longer term operational and financial performance will depend on future developments, many of which are outside the District's control, including the effectiveness of the mitigation strategies related to COVID-19, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted.

Note 14: SHARED SERVICE ARRANGEMENTS

The District participates in a Shared Service Arrangement ("SSA") for a federal program with the following school districts:

Member Districts
Buna Independent School District

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal contingencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

Note 15: PRIOR PERIOD ADJUSTMENTS

The District adopted GASB Statement No. 84, Fiduciary Activities, during the current year. Prior to the implementation of GASB 84, the District's student activity funds were reported only in a statement of fiduciary assets and liabilities. After the implementation of GASB 84, the District's student activity funds are reported as custodial funds in statements of fiduciary net position and changes in fiduciary net position. The effect of this change is to increase beginning net position $273,107 in the student activity custodial funds.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

KIRBYVILLE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT EXHIBIT G-1

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
	Revenues				
5700	Local Sources	$ 3,331,594	$ 3,494,394	$ 3,358,184	$ (136,210)
5800	State Program Revenues	11,176,532	11,309,532	11,108,504	(201,028)
5900	Federal Program Revenues	40,000	115,000	138,863	23,863
5020	**Total Revenues**	14,548,126	14,918,926	14,605,551	(313,375)
	Expenditures				
	Current				
0011	Instruction	7,516,668	7,768,615	7,071,394	697,221
0012	Instructional Resources & Media Svcs	196,363	200,913	184,255	16,658
0013	Curriculum and Instructional Development	64,800	64,800	47,634	17,166
0023	School Leadership	780,505	827,805	806,042	21,763
0031	Guidance and Counseling Services	342,077	343,377	331,720	11,657
0032	Social Work Services	7,800	7,800	120	7,680
0033	Health Services	131,346	142,206	134,035	8,171
0034	Student (Pupil) Transportation	927,881	887,489	644,987	242,502
0036	Cocurricular/Extracurricular Activities	603,766	651,366	588,860	62,506
0041	General Administration	926,709	938,809	768,426	170,383
0051	Plant Maintenance and Operations	1,885,952	2,022,402	1,856,106	166,296
0052	Security and Monitoring Services	329,195	369,195	282,434	86,761
0053	Data Processing Services	262,186	277,546	251,985	25,561
0061	Community Services	800	800	-	800
0071	Debt Service - Principal on long-term debt	95,000	95,000	97,369	(2,369)
0072	Debt Service - Interest on long-term debt	18,000	18,000	15,638	2,362
0081	Facilities Acquisition and Construction	-	617,500	559,008	58,492
0093	Shared Service Arrangements/Deaf Program	465,000	470,000	466,377	3,623
6030	**Total Expenditures**	14,554,048	15,703,623	14,106,390	1,597,233
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,922)	(784,697)	499,161	1,283,858
	Other Financing Sources (Uses):				
7913	Proceeds from Capital Leases			159,712	159,712
8911	Operating Transfers Out	-	(61,698)	(61,697)	1
8949	Other Uses - Payment to Refunded Bond			(159,712)	(159,712)
7080	**Total Other Financing Sources (Uses)**	-	(61,698)	(61,697)	1
	Extraordinary Item:				
7919	Extraordinary Item	-	-	-	-
1200	Net Changes in Fund Balance	(5,922)	(846,395)	437,464	1,283,859
0100	**Fund Balance - September 1 (Beginning)**	6,320,511	6,320,511	6,320,511	-
3000	**Fund Balance - August 31 (Ending)**	$ 6,314,589	$ 5,474,116	$ 6,757,975	$ 1,283,859

KIRBYVILLE INDEPENDENT SCHOOL DISTRICT EXHIBIT G-2

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2021

	Fiscal Year			
	2021	2020	2019	2018
District's Proportion of the Net Pension Liability	0.0061402%	0.0067063%	0.0063624%	0.0061166%
District's Proportionate Share of Net Pension Liability	$ 3,288,588	$ 3,486,121	$ 3,502,033	1,955,765
States Proportionate Share of the Net Pension Liability associated with the District	6,799,518	5,819,978	6,359,656	4,036,151
Total	10,088,106	9,306,099	9,861,689	5,991,916
District's Covered-Employee Payroll	8,438,201	8,326,270	7,385,143	7,154,502
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered Employee Payroll	38.97%	41.87%	47.42%	27.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.55%	75.24%	83.25%	82.17%

Note: Only three years of data is presented in accordance with GASB # 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

2017	2016			
0.0052782%	0.0058742%	-	-	-
1,994,556	2,076,452	-	-	-
5,063,786	4,882,796			
7,058,342	6,959,248			
7,257,360	7,102,602	-	-	-
27.48%	29.24%			
78.00%	78.43%	-	-	-

KIRBYVILLE INDEPENDENT SCHOOL DISTRICT EXHIBIT G-3

SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2021

	Fiscal Year			
	2021	2020	2019	2018
Contractually Required Contribution	$ 278,019	$ 641,103	$ 233,808	305,610
Contribution in Relation to the Contractually Required Contribution	(278,019)	(641,103)	(233,808)	(305,610)
Contribution Deficiency (Excess)	$ -	$ -	$ -	
District's Covered-Employee Payroll	$ 8,438,201	$ 8,326,270	$ 7,385,143	7,154,502
Contributions as a Percentage of Covered-Employee Payroll	3.29%	7.70%	3.17%	4.27%

Note: Only two years of data is presented in accordance with GASB # 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

2017	2016	2020	2021	2022
167,702	176,231	-	-	-
(167,702)	(176,231)	-	-	-
7,257,360	7,253,814.00	-	-	-
2.31%	2.43%	-	-	-

KIRBYVILLE INDEPENDENT SCHOOL DISTRICT EXHIBIT G-4

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2021

	Fiscal Year			
	2021	2020	2019	2018
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	0.0124444%	0.0126728%	0.0119699%	0.0114700%
District's Proportionate Share of Net OPEB Liability (Asset)	$ 4,730,672	$ 5,993,134	$ 5,976,666	$ 4,986,369
States Proportionate Share of the Net OPEB Liability (Asset) associated with the District	6,356,889	7,963,537	5,597,624	5,597,624
Total	$ 11,087,561	$ 13,956,671	$ 11,574,290	$ 10,583,993
District's Covered-Employee Payroll	$ 8,438,201	$ 8,326,270	$ 7,385,143	$ 7,154,502
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered Employee Payroll	56.06%	71.98%	80.93%	69.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	4.99%	2.66%	1.57%	0.91%

Note: Only two years of data is presented in accordance with GASB # 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

KIRBYVILLE INDEPENDENT SCHOOL DISTRICT EXHIBIT G-5

SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POST EMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2021

	Fiscal Year			
	2021	2020	2019	2018
Contractually Required Contributuion	$ 94,586	$ 89,942	$ 99,707	275,123
Contribution in Relation to the Contractually Required Contribution	(94,586)	(89,942)	(99,707)	(275,123)
Contribution Deficiency (Excess)	$ -	$ -	$ -	
District's Covered-Employee Payroll	$ 8,438,201	$ 8,326,270	$ 7,385,143	7,154,502
Contributions as a Percentage of Covered-Employee Payroll	1.12%	1.08%	1.35%	3.85%

Note: Only two years of data is presented in accordance with GASB # 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

OTHER SUPPLEMENTARY INFORMATION

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

KIRBYVILLE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE (UNAUDITED)
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

Last Ten Years Ended August 31	Tax Rate*		Assessed/Appraised Value For School Tax Purposes
	Maintenance	Debt Service	
20112and prior years	Various	Various	Various
2013	1.04	0.11	213,362,309
2014	1.04	0.345	219,266,064
2015	1.04	0.345	222,766,498
2016	1.04	0.345	242,441,083
2017	1.04	0.345	260,251,119
2018	1.04	0.335	280,737,780
2019	1.17	0.205	288,059,491
2020	0.97	0.335	324,340,077
2021	0.9664	0.335	326,118,641
1000 Totals			

* - Per $100 of assessed valuation

10 Beginning Balance 09/01/20	20 Current Year's Total Levy	30 Maintenance Total Collections	30a Debt Service Total Collections	40 Entire Year's Adjustments	50 Ending Balance 08/31/21
$ 495,473	$ -	$ 12,312	$ 695	$ (24,238)	$ 458,228
61,682	-	1,854	196	(2,483)	57,149
89,345	-	3,497	1,160	(3,528)	81,160
94,915	-	3,808	1,263	(3,528)	86,316
121,769	-	7,836	2,599	(3,471)	107,863
150,325	-	10,559	3,503	(3,923)	132,340
189,236	-	16,992	5,473	(3,909)	162,862
223,452	-	27,257	4,776	(4,605)	186,814
341,183	-	67,922	23,458	(12,311)	237,492
-	4,244,108	2,958,550	1,025,574	90,126	350,110
$ 1,767,380	$ 4,244,108	$ 3,110,587	$ 1,068,697	$ 28,130	$ 1,860,334

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (UNAUDITED)
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
	Revenues				
5700	Local Sources	$ 85,000	$ 85,000	$ 59,510	$ (25,490)
5800	State Program Revenues	10,000	16,000	16,197	197
5900	Federal Program Revenues	781,617	781,617	820,329	38,712
5020	**Total Revenues**	876,617	882,617	896,036	13,419
	Expenditures				
0035	Food Services	871,163	907,963	818,431	89,532
0051	Maintenance	45,000	45,000	23,120	21,880
6030	**Total Expenditures**	916,163	952,963	841,551	111,412
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,546)	(70,346)	54,485	124,831
	Other Financing Sources (Uses):				
7915	Transfers In	-	15,775	15,773	(2)
	Proceeds From Capital Leases	-	-	-	-
	Total Other Financing Sources (Uses)	-	15,775	15,773	(2)
1200	Net Changes in Fund Balance	(39,546)	(54,571)	70,258	124,829
0100	**Fund Balance - September 1 (Beginning)**	523,015	523,015	523,015	-
3000	**Fund Balance - August 31 (Ending)**	$483,469	$468,444	$ 593,273	$ 124,829

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (UNAUDITED)
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
	Revenues				
5700	Local Sources	$ 1,066,917	$ 1,098,917	$ 1,099,928	$ 1,011
5800	State Program Revenues	480,739	480,739	496,526	15,787
5020	**Total Revenues**	1,547,656	1,579,656	1,596,454	16,798
	Expenditures				
	Debt Service:				
0071	Debt Service - Principal on Long-Term Debt	710,000	905,000	905,000	-
0072	Debt Service - Interest on Long Term-Debt	821,400	626,400	526,916	99,484
0073	Debt Service - Bond Issuance Cost and Fees	1,000	1,500	257,729	(256,229)
6030	**Total Expenditures**	1,532,400	1,532,900	1,689,645	(156,745)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	15,256	46,756	(93,191)	(139,947)
	Other Financing Sources (Uses):				
7901	Refunding Bonds Issued	-	-	14,739,766	14,739,766
7916	Premium or Discount on Issuance of Bonds	-	-	2,148,382	
8949	Other (Uses)	-	-	(16,631,919)	(16,631,919)
	Total Other Financing Sources (Uses)	-	-	256,229	(1,892,153)
1200	Net Changes in Fund Balance	15,256	46,756	163,038	116,282
0100	**Fund Balance - September 1 (Beginning)**	867,251	867,251	867,251	-
3000	**Fund Balance - August 31 (Ending)**	$ 882,507	$ 914,007	$ 1,030,289	$ 116,282

FEDERAL COMPLIANCE SECTION

J.R. Edwards & Associates, LLC
Certified Public Accountants

December 7, 2021

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

Board of Trustees
Kirbyville Consolidated Independent School District
206 East Main Street
Kirbyville, Texas 75956

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kirbyville Consolidated Independent School District (the "District"), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

1465 Cornerstone Ct., Ste. A ♦ Beaumont, TX 77706
Phone (409) 924-9100 ♦ Fax (409) 924-0990

Board of Trustees
Kirbyville Consolidated Independent School District
December 7, 2021

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

J.R. Edwards & Associates, LLC

J. R. Edwards & Associates, LLC
Certified Public Accountants

December 7, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Kirbyville Consolidated Independent School District
206 East Main Street
Kirbyville, Texas 75956

Report on Compliance for Each Major Federal Program

We have audited Kirbyville Consolidated Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2021.

1465 Cornerstone Court, Ste. A ♦ Beaumont, TX 77706
Phone (409) 924-9100 ♦ Fax (409) 924-0990

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

J.R. Edwards & Associates, LLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

A. Summary of Auditor's Results

1 Financial Statements

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	____ Yes	X No	
Significant deficiencies identified?	____ Yes	X None Reported	
Noncompliance material to financial statements noted?	____ Yes	X No	

2 Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	____ Yes	X No	
Significant deficiencies identified?	____ Yes	X None Reported	
Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	X No	

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.425	Elementary & Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between type A and type B programs:	$750,000		
Auditee qualified as low-risk auditee?	X Yes	____ No	

B. Financial Statement Findings
None

C. Federal Award Findings and Questioned Costs
None

KIRBYVILLE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
None		

None

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I Part A Improving Basic Programs*	84.010A	21610101121905	$ 464,158
Total Title I, Part A Cluster			464,158
Career and Technical - Basic Grant	84.048	21420006121905	24,254
ESEA, Title VI, Part B, Rural & Low Income Program	84.358B	21696001121905	26,467
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	20694501121905	19,253
	84.377A	17610740121905	10,499
Title IV Part A, Subpart I	84.424A	21680101121905	6,583
Elementary & Secondary School Emergency Relief	84.425	20521001121905	459,832
Total Passed Through State Department of Education			$ 1,011,046
TOTAL DEPARTMENT OF EDUCATION			$ 1,011,046
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Agriculture			
National School Breakfast*	10.553	71402101	$ 160,058
National School Lunch Program* - Cash Assistance	10.555	71302101	660,161
Total Nutrition Cluster			820,219
Total Passed Through the State Department of Agriculture			$ 820,219
TOTAL DEPARTMENT OF AGRICULTURE			$ 820,219
TOTAL FEDERAL AWARDS			$ 1,831,265

* Clustered Programs

Basis of Presentation

1. The District accounts for all awards under federal programs in the General and Certain Special Revenue Funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide.*

   Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state awards generally are accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of specified grant periods.

2. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing resources) and decreases (i.e. expenditures and other financing uses) in net current assets.

   The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

   Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred revenues until earned. The accompanying schedule of expenditures of federal awards is presented on the modified accrual basis of accounting.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extends 30 days beyond the federal project period ending date, in accordance with provisions in *OMB Compliance Supplement,* or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards.*

4. The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at August 31, 2021, may be impaired.

5. The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

Data Control Codes		
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the District make timely payments to Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS) and other government agencies?	Yes
SF4	Was the school district issued a warrant hold? (Yes, even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas	Yes
SF8	Did the school board members discuss the school district's property values at a board	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	$ 312,432